

DELEGATED DECISIONS

When: Tuesday, 30 May 2023 at 17:30

**Where: Room 1.02, Civic, 1 Saxon Gate East, Milton Keynes,
MK9 3EJ**

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Agenda

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Agenda

- 1. Infrastructure Levy and Short Term Lets - Responses to Current Government Consultations** (Pages 5 - 20)

Decision to be taken by Councillor Marland (Leader of the Council)

- 2. Grant Award to Citizen's Advice Milton Keynes (CAMK)** (Pages 21 - 24)

Decision to be taken by Councillor Darlington (Cabinet member for Adults, Housing and Healthy Communities)

- 3. Permission to Tender for Day Opportunities Services** (Pages 25 - 34)

Decision to be taken by Councillor Darlington (Cabinet member for Adults, Housing and Healthy Communities)

NOTICE OF INTENTION TO HOLD THE MEETING IN PRIVATE

The public and press may be excluded from the meeting by virtue of Paragraph 3 (Information relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972, in order that the meeting may consider Annex B to the following item.

- 4. Approval of Additional Funding to Award the Construction Contract for the MK East Primary School and Community Health Hub Project** (Pages 35 - 46)

Decision to be taken by Councillor Middleton (Cabinet member for Resources)

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Delegated Decision report



30 May 2023

INFRASTRUCTURE LEVY AND SHORT TERM LETS: RESPONSES TO CURRENT GOVERNMENT CONSULTATIONS

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| Name of Cabinet Member | Councillor Peter Marland Leader of the Council |
| Report sponsor | Paul Thomas Director of Planning and Placemaking |
| Report author | Sarah Evans Planning Projects and Services Manager sarah.evans@milton-keynes.gov.uk 01908253326 |
| | Paul Van Geete Tariff Programme Manager paul.vangeete@milton-keynes.gov.uk 01908254114 |
| | James Williamson Monitoring and Implementation Team Leader (Development Plans) James.williamson@milton-keynes.gov.uk 01908254231 |

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|---|----------------------------|
| Exempt / confidential / not for publication | No |
| Council Plan reference | Not in Council Plan |
| Wards affected | All wards |

Executive Summary

The Department for Levelling Up, Housing and Communities (DLUHC) is consulting on the design of an Infrastructure Levy (IL). The IL will replace the current system of developer contributions towards infrastructure and affordable housing with a mandatory levy (£/ per square metre) applied above a minimum threshold. A percentage of IL will be required to deliver affordable housing.

The IL builds on the existing (but discretionary) Community Infrastructure Levy (CIL) mechanism. IL will be rolled out on a ‘test and learn’ basis and fully implemented over ten years.

Our proposed response to DLUHC acknowledges the aims of IL. It also sets out our concerns, based on a proven track record of infrastructure and housing delivery in Milton Keynes under the current Section 106 system, including our unique Tariff mechanism, which will be prohibited under IL.

DLUHC are also consulting on proposals in respect of the introduction of a new planning use class and permitted development rights for short term lets. This aims to provide local communities greater control over such uses, whilst still maintaining flexibility for homeowners to let out their sole or main home for short periods.

Our proposed response to DLUHC acknowledges the overdue need to place controls on short term lets via the planning system, which are currently having an impact on the availability and affordability of homes within Milton Keynes. It welcomes the principle of the proposals in the consultation, but also sets out comments and recommendations on their proposed implementation.

1. Proposed Decisions

- 1.1 That the proposed responses from the City Council to the two consultations, as set out in **Annexes A and B** to the report, be submitted to Department for Levelling Up, Housing and Communities.
- 1.2 That delegated authority be given to the Director of Planning and Placemaking to finalise any minor amendments to the responses before submission.

2. Why is the Decision Needed?

Infrastructure Levy Consultation

- 2.1 The IL forms part of the Levelling Up and Regeneration Bill (LURB). This technical consultation will be followed by draft Regulations (for final consultation) after the LURB achieves Royal Assent.
- 2.2 We have previously chosen not to secure developer contributions through the Community Infrastructure Levy (the system on which the IL is based). Contributions have been secured through either site-specific negotiations or, for our largest sites with multiple landowners, through a Tariff mechanism under S106 legislation.
- 2.3 Tariff funding has been used successfully to deliver a programme of infrastructure across 18 ‘portfolio’ areas (such as education, health and green space) often in advance of need. As well as site-specific infrastructure, it has contributed to city-wide needs (such as the hospital). We often lead on delivering infrastructure through this programme but there are also other delivery partners we work with (such as the NHS, MK College, and the MK Parks Trust).

- 2.4 Section 106 funding from non-Tariff sites has largely been secured for similar infrastructure types as the Tariff. We often the lead for infrastructure delivery through S106, but also collect and release funding to other partners, such as town and parish councils.
- 2.5 One of the biggest changes proposed under IL is to affordable housing provision. Rather than secure a percentage of homes through S106, the IL would provide local authorities with a 'right to require' a percentage of IL funds to deliver affordable housing. The intention of this is to secure more affordable housing delivered as part of development proposals. In Milton Keynes we are usually successful at delivering on-site affordable units and have required higher percentages on sites under our control (e.g. through Milton Keynes Development Partnership). The IL will place the emphasis on balancing off affordable housing delivery with infrastructure delivery on local authorities.

Short-Term Lets Consultation

- 2.6 MKCC has recognised for some time that a high number of properties within the Borough are used for the sole purpose of short-term lettings, thus removing them from the market for purchase or rent by local people to live in and, that this is having an undue impact upon the availability and affordability of homes across the Borough, as well as potentially more localised impacts on communities.
- 2.7 There is currently no mechanism in place through the planning system to control the use of residential properties for the sole-purpose of short-term lets. Therefore, we have had no ability to mitigate the impacts of these uses on the availability of housing for local residents.
- 2.8 This consultation proposes the introduction of measures to allow Local Planning Authorities (LPAs) to control the number of short-term lets within their area where they wish to do so and where it is justified locally. It would still maintain an element of flexibility for homeowners to let out their sole or main home for short periods. The main proposal, which would be implemented through changes to legislation, include:
- the introduction of a new use class for short term lets;
 - the potential introduction of new permitted development rights for the change of use from a dwellinghouse to a short term let and vice versa;
 - the potential introduction of flexibilities for homeowners to let out their home for a set number of nights in a calendar year; and
 - the introduction of a planning application fee for the development of new build short term lets.

2.9 Responding to this consultation provides us an opportunity to repeat our concerns regarding the impact short-term lets are having within the city. In principle we support those changes to the planning system that enable LPAs to control short-term lets. The response also affords us the chance to comment on/influence the mechanisms being proposed and their means of implementation.

3. Implications of the Decision

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|-------------------|---|-------------------------------------|---|
| Financial | Y | Human rights, equalities, diversity | N |
| Legal | Y | Policies or Council Plan | N |
| Communication | N | Procurement | N |
| Energy Efficiency | N | Workforce | N |

(a) Financial Implications

The original Tariff is projected to secure £430m of infrastructure funding for the City once completed (£275m is estimated to have been received to date), as well as free land for schools and community uses. The Tariff for the MK East site will secure circa £200m and a similar arrangement is being worked up for the Southeast MK development.

Currently we also hold over £70m of Section 106 receipts from sites that have secured developer contributions through a site-by-site negotiation.

Future IL receipts cannot yet be estimated. The charging schedule and a Strategic Levy spending plan will be subject to Examination (see below).

Whilst there would be little effect regarding planning application income relating to short term lets, there may be notable costs associated with the potential for an increase in enforcement complaints regarding short term lets due to the need to investigate each of these individually and take proportionate action.

(b) Legal Implications

Introduction of an Infrastructure Levy would need to follow new Regulations (yet to be produced by DLUHC). A Levy Charging Schedule and a Strategic Levy Spending Plan would be subject to independent Examination. Currently we are progressing an Infrastructure Study and Investment Strategy in support of the New City Plan, under current local plan making regulations. Examination will be restricted to the New City Plan itself, although the robustness of the evidence supporting it will be tested through this process. If introduced, it is likely that any IL for MKCC will be developed towards the end of the 10-year roll out period anticipated by DLUHC.

There no legal implications associated with the content of the consultation on proposals relating to short term lets.

4. Alternatives

- 4.1 Do not respond to the DLUHC consultations. Failing to respond to the consultations will result on MKCC not being able to influence policy at a national level. This is not recommended.

5. Timetable for Implementation

- 5.1 The relevant timescales our set out below:

- The Technical consultation on the Infrastructure Levy closes 11:45pm 9 June 2023.
- The consultation on the introduction of a use class for short term lets and associated permitted development rights closes 11:45pm 7 June 2023

List of Annexes

- Annex A MKCC response to DLUHC Technical Consultation on the Infrastructure Levy
- Annex B MKCC response to DLUHC Consultation on Introduction of a use class for short term lets and associated permitted development rights

List of Background Papers

[Technical consultation on the Infrastructure Levy - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

[Introduction of a use class for short term lets and associated permitted development rights - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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MKCC response to DLUHC Technical Consultation on the Infrastructure Levy

Dear Sir / Madam

Technical Consultation on the Infrastructure Levy

This letter sets out Milton Keynes City Councils (MKCC) views on the design of the Infrastructure Levy.

We have not attached these views to specific consultation questions. However, our views do relate principally to the fundamental design choices of the Levy (Chapter 1), Levy rates (Chapter 2), and delivering affordable housing (Chapter 5).

We note the intentions of the Levy (for local planning authorities) and recognise the work to date that has gone into designing it. We also welcome the ability to levy against permitted development, which is a loophole in all local authority areas currently.

However, in Milton Keynes we already have a proven track record of infrastructure funding and delivery through a successful Tariff programme and the effective use of the existing Section 106 legislation. This has not had any adverse impact on our housing delivery and in fact has helped to provide certainty for developers and communities alike.

In the last financial year alone we have delivered 175% of our current housing target; nearly 3,100 new homes (gross). This follows successive years of high housing delivery, well above our annual target, including 'on-site' affordable housing through existing s106 powers, which has historically been a successful method for us of securing affordable units.

Our original Tariff is projected to secure £430m of infrastructure funding for the City once completed (£275m is estimated to have been received to date), as well as free land for schools and community uses. A new Tariff arrangement for our MK East site (5,000+ homes) will secure circa £200m and a similar arrangement is being worked up for our Southeast MK development (3,000+ homes).

Currently we also hold over £70m of Section 106 receipts from sites across the City that have secured developer contributions through a site-by-site negotiation.

We have successfully planned for the investment of these receipts through carefully developed long-term infrastructure programmes (such as our Local Investment Plan, local plan (Plan:MK) and related Infrastructure Delivery Plan).

As we continue with our ambitious growth plans to 2050 we are currently developing an Infrastructure Study and Investment Strategy to support our New City Plan. That will again help us evidence the infrastructure we need and how best we can fund and deliver that.

So, whilst we appreciate that some local authorities may not have been as successful as Milton Keynes in securing both housing delivery AND infrastructure funding, we remain concerned that the new Infrastructure Levy will impact on our ability to continue to deliver significant growth if we do not have the flexibility to remain with an approach that has proven over the last 20 years to to be so successful.

Yours faithfully

Councillor Pete Marland
Leader, Milton Keynes City Council

MKCC response to DLUHC Consultation on Introduction of a use class for short term lets and associated permitted development rights

| Consultation Question | MKCC response |
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| <p>Q.1 Do you agree that the planning system could be used to help to manage the increase in short term lets?</p> | <p>Whilst MKCC recognises the role that short-term lets have in the leisure and business visitor economy, we are concerned with regards the number of properties within our Borough area that are currently used for the sole/main purpose as short-term lets thus, removing them from the market for purchase or rent by local people to live in.</p> <p>The presence of a large number of properties for short-term lettings is therefore having an undue impact upon the delivery of housing within the Borough by reducing the number of properties delivered which are contributing to meeting actual recognised needs as outlined in our Local Plan; Plan:MK and therefore, affecting both availability and affordability of homes; as well as potentially creating more localised impacts on communities.</p> <p>To-date there is no mechanism in place to either monitor the number of active short-term lets or to control the use of residential properties for the sole-purpose of short-term lets. Therefore, we have had, and have, no ability to mitigate the impacts of these uses on the availability of housing for local residents.</p> <p>It is our view that the implementation of mechanisms to monitor and control the use of properties as short term lets is therefore overdue and, as such, we support the principle of introducing measures through the planning system.</p> <p>Furthermore, we believe that the planning system provides the most suitable route for implementing mechanisms that can effectively control this use moving forward. Whilst licensing may provide some controls, there is a need to consider the outward effects arising from such uses on the amenity of the area and surrounding infrastructure; for example, MKCC has successfully used Article 4 allowances to regulate the creation of HMOs across the City so to ensure the creation and fostering of sustainable communities.</p> |

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| | <p>The implementation of the proposed measures should however be delivered alongside a registration scheme for short-term lets, to ensure that local authorities have all available data to better understand which premises are being let out within their area and provide the relevant evidence to assist in managing the impacts of high numbers of short term lets on the housing market.</p> |
| <p>Q.2 Do you agree with the introduction of a new use class for short term lets?</p> | <p>Yes – as the manner in which a short term let is used can often have materially different effects on local communities, affecting the character and cohesiveness of an area, whilst also reducing the availability of suitable, family and affordable housing stock.</p> <p>The introduction of a new use class for short term lets will enable Local Planning Authorities (LPAs) to more accurately monitor and control the number of properties being used solely for these purposes. It also has the potential to assist LPAs in understanding the reasoning for the numbers and concentrations of properties being used for these purposes at a more localised level and where applicable actively plan for these as a separate need.</p> |
| <p>Q.3 Do you agree with the description and definition of a short term let for the purpose of the new use class?</p> | <p>Agree that the definition of the new use class should capture those properties which are not used as a sole or main residence so as to ensure all dwellings which will not contribute towards meeting a local authority’s identified housing need are captured and the true impact on the housing market is identified. Furthermore, the planning use class definition should align with that to be used in the proposed registration scheme (currently being consulted on by The Department for Culture, Media, and Sport), so as to ensure data can be shared and an accurate understanding of the amount of short term lets in an area can be achieved.</p> <p>However, the proposed definition needs to consider there are many second homes which are not used for commercial gain and their character of use is no different to a normal domestic property.</p> |
| <p>Q.4 Do you have any comments about how the</p> | <p>It is understood that existing properties which would fall into the new C5 use class would not need to seek planning permission for re-classification. Existing</p> |

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| <p>new C5 short term let use class will operate?</p> | <p>provisions do however allow for a Lawful Development Certificate to establish whether the existing or proposed use of a property would constitute a material change of use. It is therefore possible that many property owners would seek such confirmation given the potential effects this may have on mortgages, insurance, etc. This may have a substantial initial and ongoing impact on LPA resources.</p> <p>In addition, as noted in the Department for Culture, Media, and Sport (DCMS) call for evidence and ongoing consultation, it will be necessary to establish a register (preferably at a national level) to hold the declared use of property as C5 short term lets at any point in time (this could be required under licensing provisions) to ensure that LPAs have information available about which premises are being let out in their area. This will provide valuable information to help manage the housing market impact of high numbers of short-term lets and apply and enforce the use class changes.</p> <p>Furthermore, without such records, upon receipt of an alleged breach of planning control, LPAs will have to resort to information gathering (i.e. Planning Contravention Notices) and investigation at considerable expense.</p> <p>It is welcomed that the consultation (para 25) indicates it would be appropriate for local planning authorities to restrict use of new property to C3 or C5 (as appropriate), depending on local housing needs/planning policy. It could perhaps be useful if National Policy were updated to align with this and so as to provide a policy position in the absence of this at a local level whilst LPAs are in the process of preparing plans.</p> |
| <p>Q.5 Do you consider there should be specific arrangements for certain accommodation as a result of the short term let use class?</p> | <p>There may be a need to provide allowances for accommodation which is designed to serve student populations, (for example in Milton Keynes those around Milton Keynes University or the Bletchley Institute of Technology campus). It may therefore be appropriate to ensure the C5 definition excludes dwellinghouses which are provided or managed by a university or educational organisation, linking such</p> |

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| | <p>definition to appropriate legislation for such organisations.</p> |
| <p>Q. 6 Do you agree that there should be a new permitted development right for the change of use from a C3 dwellinghouse to a C5 short term let (a)</p> | <p>Whilst we do not object to the principle of implementing a permitted development right for the change of use from a C3 dwellinghouse to a C5 short term let, we are concerned with the context in which the consultation document sets this out and, the lack of detail provided in relation to the expectations of when the implementation of an Article 4 direction would be considered appropriate.</p> <p>This part of the consultation appears to focus on the view that high volumes of short term lets are concentrated in certain locations and that the removal of this permitted development via an Article 4 direction should apply to the smallest geographical area possible, stating ‘areas, streets or individual properties’, as examples.</p> <p>This does not consider those authorities, such as Milton Keynes, whereby it is the cumulative impact of short term lets across a wider area (even potentially across an entire authoritative area) which are having a potential negative impact – particularly with regards to availability and affordability of housing supply.</p> <p>It is therefore essential that if this permitted development right were to be implemented, LPAs have the ability to apply an Article 4 direction across an area which best responds to the issues being created by short-term lets within their area.</p> <p>Furthermore, if a permitted development right is to be implemented it must be ensured that the proposed registration scheme (currently being consulted on by The DCMS) is implemented alongside or prior to the proposed changes to the planning system, so as LPAs have the relevant data to fully evidence the impact of short-term lets on their area and to support the application of an Article 4 direction where applicable.</p> <p>Suitable guidance on interpretation through the Planning Practice Guidance will also be required.</p> |
| <p>Q.7 Do you agree that there should be a new</p> | <p>Yes, subject to suitable guidance on interpretation being provided through the Planning Practice</p> |

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| <p>permitted development right for the change of use from a C5 short term let to a C3 dwellinghouse (b)</p> | <p>Guidance. A new permitted development right for the change of use from a C5 short term let to a C3 dwellinghouse will ensure dwellings can be easily added back into the housing supply so as to meet recognised local need.</p> |
| <p>Q.8 Do you agree that the permitted development rights should not be subject to any limitations or conditions?</p> | <p>No. Putting aside the wider impact of short-term lets on the housing market, the more localised impacts on communities vary between those having no effect due to their use for fewer, longer periods, and those having substantial impacts on the character of the area due to a high frequency of very short lettings (e.g. weekends).</p> <p>It would be prudent to impose a limitation which only allows for the automatic change from C3 to C5 in circumstances where each letting is no less than 7 calendar days, and for no more than 52 persons or groups of persons per annum, as well as conditioning the requirement for a register of 'tenants' to be kept to enable monitoring of these limitations.</p> <p>This would allow for holiday and second homes to continue being used in such a manner which has not caused undesirable impacts for decades but require an application for planning permission where shorter-term lettings are intended. Where the letting period is less than 7 calendar days, or for more than 52 persons/groups of persons, a prior approval procedure could be included, to allow the local planning authority to assess amenity and parking effects, as well as community cohesiveness.</p> |
| <p>Q.9 Do you agree that the local planning authority should be notified when either of the two permitted development rights for change of use to a short term let (a) or from a short term let (b) are used?</p> | <p>This is likely to be a duplication of the proposed register of short term lets (subject to the DCMS consultation). It is likely to create unnecessary burden on LPAs as well as raise expectations in local communities that such notifications can be refused. A register administered under licensing requirements would be more appropriate.</p> <p>However, it is essential that LPAs have access to the most up-to-date data on the amount of short-term lets within its area, so as to be able to monitor and control the use. If a register of short term lets is not implemented (in advance, or at the same time as any</p> |

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| | changes to the planning system) then an alternative approach, such as notifying the LPA, will be required. |
| Q.10 Do you have any comments about other potential planning approaches? | No |
| Q.11 Do you agree that we should expressly provide a flexibility for homeowners to let out their homes (C3 dwellinghouses)? | Yes, if limited to ensure that the property remains the owners sole/main place of residence thus limiting impacts upon housing availability and affordability in the area. However, it would be matter of fact and degree as to whether this even constituted a material change of use, since it would retain its use as a main or sole dwellinghouse. It is therefore questionable whether such provision is needed in legislation which could actually raise confusion. |
| Q.12 If so, should this flexibility be for: i. 30 nights in a calendar year; or ii. 60 nights in a calendar year; or iii. 90 nights in a calendar year | The flexibility, if needed (see response to Q11), should have regard to the potential for the longer period of 90 days to be operated more intensively (i.e. changing occupiers on a frequent basis, similar to STLs). Similar limitations as suggested at Q8 may be appropriate for 60 and 90 days, although a 30 day allowance is likely to be self-regulating. There remains a question over the ability to monitor such use, as it would not be subject to registration and it may not be possible to fully investigate and enforce against alleged breaches before the use ceases for the calendar year. |
| Q.13 Should this flexibility be provided through: i) A permitted development right for use of a C3 dwellinghouse as temporary sleeping accommodation for up to a defined number of nights in a calendar year ii) An amendment to the C3 dwellinghouse use class to allow them to be let for up to a defined number of nights in a calendar year. | Given the observations at Q11, it may not be possible for local planning authorities to confirm that development would take/had taken place. Accordingly, it would assist all parties by making the UCO clear in that it does not regard such use to be development (i.e. a new sub-class of C3). |

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| <p>Q.14 Do you agree that a planning application fee equivalent to each new dwellinghouse should apply to applications for each new build short term let?</p> | <p>Yes. The social and environmental effects of short term lets would be similar to that arising from creation of build to rent, flats or student accommodation, and the local planning authority would need to be properly supported by the development industry to assess such proposals. Indeed, if no fee or a lesser fee were charged, the proposed permitted development right would allow a loophole for C5 schemes to be flipped to C3 dwellinghouses on completion - potentially without providing for affordable housing and appropriate planning obligations.</p> |
| <p>Q.15 Do you agree with the proposed approach to the permitted development rights for dwellinghouses (Part 1) and minor operations (Part 2)?</p> | <p>Whilst recognising existing rights allow for properties to be extended or altered ahead of the proposed introduction of a C5 use class, there is some concern that existing properties could be substantially enlarged to maximise the income from short term lettings at the expense of retaining smaller, affordable housing stock and potentially resulting in greater impacts on local communities from noise and disturbance, as well as flood risk and biodiversity impacts from creation of hardstanding. Whilst Part 1 provisions would not apply to flats (given the specific definition in the GPDO), consideration should be given to whether to prevent changes from C3 to C5 if Part 1 rights have been exercised in the previous 3 years, as well as considerably limit Part 1 rights for C5 properties. The eventual definition of a short term let will also have a bearing on whether such rights should extend to C5 uses.</p> |
| <p>Q.16 Do you have any further comments you wish to make on the proposed planning changes in this consultation document?</p> | <p>No</p> |
| <p>Q.17 Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could give rise to any impacts on</p> | <p>Loss of smaller, affordable housing units to short term lettings could impact upon individuals and families on lower incomes or those who require specific housing needs (e.g. bungalows for disabled persons). Furthermore, accessible locations are likely to be attractive to the short term let market, further impacting on those persons who require</p> |

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| <p>people who share a protected characteristic? (Age; Disability; Gender Reassignment; Pregnancy and Maternity; Race; Religion or Belief; Sex; and Sexual Orientation).</p> | <p>permanent, affordable housing in the same locations.</p> |
| <p>Q.18 Do you think that the proposed introduction of the planning changes in respect of a short term let use class and permitted development rights could impact on:</p> <p>a) businesses</p> <p>b) local planning authorities</p> <p>c) communities?</p> | <p>The impact both in terms of scale, type and who be impacted, will be dependent upon the number of short-term lets which currently exist within an area, the likelihood of continuing high levels of new short-term lets within an area and, the reasons for high levels where these exist.</p> <p>An area which currently has limited numbers of short-term lets is unlikely to be impacted by the proposed changes however, for those areas where high levels of short-term lets currently exist and the reasons for this mean it is likely that the number will continue to increase moving forward, then the proposed changes will likely have impacts on all of the groups mentioned. The nature and scale of this impact for each individual group mentioned will vary in each area.</p> <p>With regards LPAs, we are likely to be challenged with increased demand on resource to investigate alleged breaches of planning control, and either regularise or enforce against breaches where established. The responsibility for monitoring the use of short term lets will also rest with the local authority such that an effective and mandatory register is required.</p> |

Delegated Decision report



30 May 2023

GRANT AWARD TO CITIZEN'S ADVICE MILTON KEYNES (CAMK)

Name of Cabinet Member **Councillor Emily Darlington**
Adults, Housing and Healthy Communities

Report sponsor **Hannah Soetendal**
Head of Commissioning

Report author **Tracey Chapman**
Lead Commissioner, Housing
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01908 253329
07919 564536

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| Exempt / confidential / not for publication | No |
| Council Plan reference | Milton Keynes Council Plan 2022-26 – p11 |
| Wards affected | All wards |

Executive Summary

Citizens Advice Milton Keynes (CAMK) has been providing impartial and confidential advice on a wide range of practical and civil legal issues free to the citizens of Milton Keynes for more than 50 years.

MKCC has supported this work through various grants which we wish to consolidate into a single grant of £0.277m for 2023/24 to recognise the key role CAMK has been taking in providing advice and support on a wide range of issues which have been exacerbated by the cost-of-living crisis.

1. Proposed Decision

1.1 That a grant of £0.277m be awarded to Citizens Advice Milton Keynes for one year for the provision of advice, information and support to citizens of Milton Keynes.

2. Why is the Decision Needed?

- 2.1 CAMK operates with a combination of paid staff and volunteers and without the ongoing support of MKCC would not be able to provide the current level of service to the people of Milton Keynes.
- 2.2 The cost-of-living crisis has increased the number of people accessing the service. Between April 2022 and March 2023 CAMK advised 7,428 people, most of who have multiple issues leading to 20,835 separate issues being resolved.
- 2.3 CAMK advises people in a number of different ways and had 20,286 separate contacts with people during the year comprising 9,314 phone calls, 5941 e-mails, 807 video calls and 1,447 face-to-face appointments.
- 2.4 Main issues include energy costs, homelessness, debt and crisis support. Nearly a thousand people were supported with housing / homelessness issues and 63% of all clients helped in 2022-23 were affected by cost-of-living issues. CAMK reported that March 2023 was its busiest month ever for being contacted by people in need of crisis support.
- 2.5 Awarding a grant of £0.277m for 2023/24 will enable CAMK to continue to support the people of Milton Keynes with a wide range of issues many of which are a direct result of the cost-of-living crisis.

3. Implications of the Decision

| | | | |
|-------------------|---|-------------------------------------|---|
| Financial | Y | Human rights, equalities, diversity | |
| Legal | Y | Policies or Council Plan | y |
| Communication | | Procurement | |
| Energy Efficiency | | Workforce | |

(a) Financial Implications

Proposed grant funding is from existing budgets that have previously funded three separate grants made to CAMK.

| | |
|-------------------------|----------------|
| Homelessness Prevention | £0.118m |
| Customer Services | £0.100m |
| Adult Social Care | £0.49m |
| Proposed Grant | £0.277m |

The homelessness and customer services grants have been one-year agreements that have been renewed annually. During 2022-23 longer term, more sustainable funding will be sought.

(b) Legal Implications

The Council has general powers of competence under section 1 of the Localism Act 2011 to be able to determine whether to support the services provided by the CAMK.

In order to provide any financial assistance, the Council has to consider the provisions of the subsidy control legislation (Subsidy Control Act 2022). Legal services has reviewed the relevant provisions and consider that a grant to CAMK is unlikely to constitute subsidy as it is unlikely to affect competition, trade or investment, given the unique nature of services provided by Citizens Advice Bureaux. Additionally, the purposes of the services provided by CAMK, or its activities are not for a purpose that is economic.

The Council's financial regulations require that any grant to external bodies with a value of £100k or above are approved by the relevant Cabinet Member (delegated decision). This report therefore aligns with the constitutional requirements of the Council.

In order to ensure that the grant funding is used for the purposes for which they are provided, the Council will need to enter into a grant funding agreement with CAMK if approval is given for the award of grant.

(c) Other Implications

The Council's work in partnership with CAMK supports the vision and values of the Milton Keynes Council Plan 2022-26 as its advice and support can for example:

- (i) tackle social inequalities through helping mitigate the impact of the cost-of-living crisis; and
- (ii) help prevent more serious problems such as homelessness.

4. Alternatives

4.1 Do Nothing

This is not recommended as the number of people receiving advice and support from CAMK demonstrates that there is a need for the service. Without grant funding CAMK would have to provide a lower level of service in the context of continued increasing demand.

4.2 Provide an In-house Service

CAMK has operated in Milton Keynes for more than 50 years and is recognised as an impartial, independent service with any financial/ debt advice regulated by the Financial Conduct Authority. CAMK attracts a number of volunteers as well as grants and funding from other sources. MKCC would not be able to provide a comparable service.

5. Timetable for Implementation

- 5.1 Should the decision be taken to award a grant to CAMK then a grant agreement will be issued for 2023/24.
-

List of Annexes

None

List of Background Papers

None

Delegated Decision report



30 May 2023

PERMISSION TO TENDER FOR DAY OPPORTUNITY SERVICES

| | |
|------------------------|---|
| Name of Cabinet Member | Councillor Emily Darlington Adults, Health, Community and Housing |
| Report sponsor | Hannah Soetendal Head of Commissioning |
| Report author | Angela Dobbyne Lead Commissioner, Working Age Adults Angela.Dobbyne@milton-keynes.gov.uk 07881 353472 |

| | |
|---|--|
| Exempt / confidential / not for publication | No |
| Council Plan reference | Commitment 6 – Supporting Vulnerable People |
| Wards affected | All wards |

Executive Summary

This report is seeking approval to begin the procurement process to commission Day Opportunity services Framework for adults, in order to establish a wide range of social, education, leisure, employment, and skills development opportunities for adults in Milton Keynes City, including those with complex needs. These services support people to access activities outside of their home, enabling them to live as independent and fulfilling a life as possible.

1. Proposed Decisions
 - 1.1 That the commencement of a procurement exercise to commission a Day Opportunity services framework for people with learning disabilities, autism, mental health, and physical disability needs, be approved.
 - 1.2 That delegated authority be given to the Group Head of Commissioning to award the contracts called off from the framework.

2. Why is the Decision Needed?

- 2.1 Whilst people have been benefitting from the social side of the Day Opportunities service procured by Milton Keynes City Council (MKCC), it is evident that progression towards desired outcomes or supporting people to reach their potential has not been met
- 2.2 We are looking to focus our Day Opportunities on progression for individuals, with employability skills and the opportunity to undertake paid work.
- 2.3 A wider range of Day Opportunities will be available, with more services based in the community and outdoors.
- 2.4 The service may provide Day Opportunities for clients who are assessed as having complex needs.

3. Implications of the Decision

| | | | |
|-------------------|---|-------------------------------------|---|
| Financial | Y | Human rights, equalities, diversity | Y |
| Legal | Y | Policies or Council Plan | Y |
| Communication | N | Procurement | Y |
| Energy Efficiency | N | Workforce | N |

(a) Financial Implications

The budget has been agreed at £1.495m per annum. A fixed rate of £50 per session will apply. The Framework will be for a duration of four (4) years.

Currently, rates are paid between £38.00 to £44.00 per session. These rates are not reflective of the current market conditions and present a risk to the council to manage the market and ensure that quality support is delivered.

There is a cost pressure of £0.137m per annum to uplift the fees via a framework to £50 per session. The financial pressure for the year of 2024/25 will be funded from the Market Sustainability and Improvement Fund (MSIF).

The cost pressure for future years beyond 2024/25 will be reviewed and either counteracted by savings or a permanent pressure will be requested as part of the yearly financial planning process.

(b) Legal Implications

The Council has a statutory duty under the Care Act 2014 to support people who have assessed care and support needs. Day Opportunities not only provides individuals who attend with meaningful activity during the day, but allow their carers a break, meaning they can cope better with their caring role.

To ensure the lawful procurement and management of the Framework Agreement and to mitigate any risk of legal challenge, full compliance with the Public Contract Regulations (PCR) 2015 and the Council's Contract Procedure Rules is required.

The term of a Framework Agreement must not exceed four years and any contracts called off from the Framework Agreement must be carried out in accordance with the rules of the Framework Agreement.

(c) Procurement Implications

The creation and operation of a Framework Agreement must be compliant with the provisions of the Public Contract Regulations and the Council's Contract Procedure Rules.

(d) Human Rights, Equalities and Diversity Implications

Any revision to the service specification for Day Opportunities services is to offer a wider service to more clients with a range of needs. This will assist more people to access services that increase independence and support progression to employment.

Coproduction has been carried out with service users at current providers, carers of those who attend, internal operational staff, and CHC colleagues. Carers commented that the provision of Day Opportunities supports them in their caring role, providing valuable respite for a few hours. Service users described how they would like a wider choice of activities; some suggestions included more theatre groups, animal care skills, volunteering opportunities, IT skills, hair and beauty, swimming and the opportunity to gain qualifications at college.

An Equality Impact Assessment has been carried out. Please refer to the attached **Annex**.

(e) Policies or Council Plan Implications

The recommissioning of Day Opportunities supports:

- (i) Council plan 2022-26 principle 6 - supporting vulnerable people, providing services that increase independence and improve the quality of life for people.
- (ii) ASCOF 1E - increasing the proportion of people with a Learning Disability in paid employment.

4. Alternatives

- 4.1 The Council replicates the existing arrangement with a range of mainly building based service, with less focus on progression and employment skills.

This not recommended for the following reasons:

- The recommissioning is a good opportunity to shape the market to provide, for those who are able, the opportunity to develop independence and access employment.
- Feedback from coproduction indicates a wider choice of services, including more outside activities, is required.

5. Timetable for Implementation

- 5.1 Commissioning activity commenced October 2022 and continues in order to procure a new Day Opportunities framework to meet a range of client needs.
- 5.2 Provider, service user and carer engagement began in November 2022 and will continue until July 2023.
- 5.3 The new services to commence in April 2024.

List of Annexes

Annex Equity Impact Assessment

List of Background Papers

None

Use this form when preparing for a decision. By decision we mean considerations that are the responsibility of council, cabinet, one of its committees and panels or those that have been delegated to an officer or cabinet member. This template helps you complete the Equality & Diversity section of your report.

| | |
|---|---------------------|
| Decision Title: Recommissioning of Day Opportunities for Working Age Adults | |
| Date: 03/04/2023 | Author: Sally Davis |

A. Answer the following

| | |
|---|-----|
| <p>a) Is this a “key decision” as defined by the Forward Plan (see here for a wider definition), a major planning decision or one that affects a sizeable number of staff? (Significant)</p> <p>By sizeable we mean a decision that is a general change for all staff even if it effects only some, a decision that would affect over 50 people or a decision that is specifically about a protected characteristic</p> | Yes |
| <p>b) Does the decision affect people with one or more of the equality protected characteristics? (Relevant)</p> <p>Protected Characteristics are: Age, Disability, Gender Reassignment, Pregnancy and Maternity, Race, Religion and Belief, Gender, and /or Sexual Orientation. Locally we have added Deprived / Socio Economic Disadvantage Groups</p> | Yes |

⊗ If you answer No to either of these,

Place a No in the equality box on the report and don't go any further, although you do need to write something in report to demonstrate you have considered equality. The following are sample responses:

“This decision is not significant and/or relevant (delete as necessary) in regard to equality issues.”

“This decision is a subsequent decision to the Inclusion Strategy and due regard was taken to any equality implications when this was agreed by the cabinet on the 13 April 2010.”

Email this to: jeremy.beake@milton-keynes.gov.uk copying in the relevant Assistant Director, this will be taken as being agreed by the Assistant Director

⊗ If you answer Yes to both of these,

Place a Yes in the equality box on the report and continue to complete the assessment on Page 2.

B. The Assessment Please refer to the explanatory notes on page 4

| 1. How will the decision be made and who will be involved? | | | | |
|---|-----|----|---------|--|
| The decision will be made by Cabinet | | | | |
| 2. What is the aim of this decision and what changes will occur? | | | | |
| For Working Age Adults (WAA), we want Day Opportunities to focus on developing skills for employment and evidencing progression through the development of life skills wherever possible, whilst ensuring that those without employment still have access to purposeful activity in a safe environment but not necessarily building based. | | | | |
| 3. Who is affected by this area of work and/or the changes? | | | | |
| The decision affects all people age 18-64 who currently attend Day Opportunities and/ or who have a Learning Disability, Autism, Mental Health diagnosis, Physical Disability or Acquired Brain Injury. It also impacts those who care for the individual who attends. | | | | |
| 4(a) Thinking positively, which groups of people benefit (or could potentially benefit) from this decision? (Place an <input checked="" type="checkbox"/> and provide information & evidence) | | | | |
| Protected Characteristic (as defined in the Equality Act) | YES | NO | UNCLEAR | Information and evidence Hyperlinks, References and Notes |
| Age | | | | |
| Disability | X | | | |
| Race | | | | |
| Gender or Gender Reassignment | | | | |
| Sexual Orientation | | | | |
| Religion/Belief | | | | |
| Pregnancy and Maternity | | | | |
| Deprived / Socio Economic Disadvantage Groups | | | | |
| (b) Summarise how equality of opportunity is advanced, or/and how good community relations are fostered, by the decision? | | | | |
| We will look to community groups and social care providers to offer opportunities that help to prevent social isolation; provide support to carers; offer volunteering roles; support the development and sharing of skills and knowledge; provide peer led solutions to meet individual needs. Support of this kind is vital to reducing the need for support from statutory services based on a principle that the solutions that many people have to address their care and support needs rest within themselves, their families, social networks and surrounding communities. This is a process of continually building upon and developing people's skills, confidence and ability in different areas of daily life. | | | | |
| 5(a) Being sensitive to the issues that some people may face, which groups of people will (or could potentially) experience adverse effects following this decision? | | | | |
| Protected Characteristic (as defined in the Equality Act) | YES | NO | UNCLEAR | Information and evidence Hyperlinks, References and Notes |
| Age | | X | | |
| Disability | | X | | |
| Race | | X | | |
| Gender or Gender Reassignment | | X | | |
| Sexual Orientation | | X | | |

| Religion/Belief | | x | | |
|---|-----|----|---------|---|
| Pregnancy and Maternity | | x | | |
| Deprived / Socio Economic Disadvantage Groups | | x | | |
| 6(a) What types of engagement and/or consultation are relevant to the decision? | | | | |
| Protected Characteristic (as defined in the Equality Act) | YES | NO | UNCLEAR | Information and evidence Hyperlinks, References and Notes |
| Age | | | | |
| Disability | x | | | Coproduction with service users and their carers has been completed and is ongoing. |
| Race | | | | |
| Gender or Gender Reassignment | | | | |
| Sexual Orientation | | | | |
| Religion/Belief | | | | |
| Pregnancy and Maternity | | | | |
| Deprived / Socio Economic Disadvantage Groups | | | | |
| (b) For planning purposes, list areas where more information is needed. | | | | |
| None | | | | |
| 7. How are people likely to be affected (positive and negative) by this decision? (Identify the range of options and the effects of each) | | | | |
| The effects should be positive – a wider choice of activities will be available, which has been identified as a desired outcome during coproduction work with service users. It will also improve the progression of service users towards employment and securing a paid position. | | | | |
| 8. Address the impact (Mark with an <input checked="" type="checkbox"/>) | | | | |
| A No major change needed | | | | x |
| B. Continue with the decision despite having identified some potential for adverse impact or missed opportunities | | | | |
| C. Adjust or amend the decision | | | | |
| D Stop the decision | | | | |
| (b) Explain the rationale for what you marked above with details of any mitigating activity | | | | |
| The current range of Day Opportunities available will be modernised, and an increased choice offered. | | | | |
| 9. Outline the next steps (add an action plan if necessary) and when and how will this policy or decision be reviewed (Include any mitigating work) | | | | |

A framework of providers to offer a choice of activities will be obtained using a competitive tender. The outcomes for service users will be monitored quarterly using data from the providers.

Email to: jeremy.beake@milton-keynes.gov.uk copying in the relevant Assistant Director, this will be taken as being agreed by the Assistant Director, and place a summary in your report – examples of an appropriate summary are at the end of explanatory notes.

Question 1 What sort of decision is it and who will decide, for example a committee, executive decision or cabinet?

Question 2 What changes will occur because of this decision-a short statement about the area of assessment - its aim or objectives?

Question 3 Does the decision cover all people or particularly targeted groups of people?

Question 4 (a) Mark with an where this is relevant.

This question is asking you to highlight what positive measures there are in the decision that will tackle inequality and promote opportunities for particular groups. This may be obvious such as adjustments for people with disabilities or less obvious such as how development provisions may help religious groups develop a church, mosque or temple.

We have a duty to consider the advancement of opportunity in all our functions, here we are able to state what we are doing, or facilitating, that will have a positive effect on people's lives.

The notes that are placed in the evidence column can be supplemented by hyperlinks and further narrative

Question 4 (b) This is a supplementary question asking for a summary of the outcomes and benefits that will arise from those things highlighted in question 4

Question 5 (a) Mark with an where this is relevant.

Being sensitive to the needs and issues that local people face is part of our everyday work. This question is asking you to highlight what potential adverse effects the decision could have. Sometimes someone is adversely affected by a council decision and sometimes this can't be avoided.

Our duty is to note this effect and consider whether we can do something to avoid or lessen the impact. You may have already amended the decision to reflect this. Please note here what you have found and what you have done to consider the needs and impact on different groups.

The notes that are placed in the evidence column can be supplemented by hyperlinks and further narrative.

Question 6 (a) Mark with an where this is relevant

This question is asking you to highlight which groups of people it is relevant to engage or consult with. It is important that you have found out what people think the consequences will be for them. You will need to consider the issues they highlight and whether these represent a serious adverse impact. Often in this engagement solutions are found to these issues that can reduce the adverse impact of the decision.

The notes that are placed on the side can be supplemented by hyperlinks and further narrative.

Question 6 (b) This is a supplementary question asking for a summary of the type and the frequency of engagement and consultation that will be needed in the future.

Question 7 Note this means positive as well as negative!

This question requires you to outline the significant effects of the decision. This should be a short statement that can direct the person making the decision towards any significance issues that have been identified. If the options are complicated consider doing an assessment for each option.

Question 8(a) Choose a recommendation

| | |
|--|--|
| A No major change needed | Is a “Green Light” recommendation |
| B. Continue with the decision despite having identified some potential for adverse impacts or missed opportunities | Is a “Flashing Yellow recommendation” meaning proceed with caution and with a clear statement of why it is reasonable to proceed. It is important to note how the council has had due regard and the evidence that reasonable alternatives have been considered |
| C. Adjust or amend the decision | Is a “Yellow Light” recommendation meaning proceed with caution |
| D Stop the decision | Is a “Red Light Recommendation” this should be rare as reasonable alternatives should be considered |

Question 8(b) This is a very important section. Note here any migrating adjustments to be made or the reasons for proceeding with a policy even when there is an identifiable adverse impact or missed opportunity.

Question 9 Should be self explanatory do not forget to add in review dates.

Email to: jeremy.beake@milton-keynes.gov.uk copying in the relevant Assistant Director, this will be taken as being agreed by the Assistant Director and place a summary in your report – examples of an appropriate summary is:

“An Equality Impact Assessment was completed and recommended that the Cabinet should continue with this decision despite having identified some potential for adverse impact or missed opportunities to promote equality. The council has adopted the national policy guidelines which have sought to provide fairness for all users. However the service will continue to monitor who and how people maybe adversely affected and report in 6 months about the workings of the new policy.”

Delegated Decision report



30 May 2023

APPROVAL OF ADDITIONAL FUNDING TO AWARD THE CONSTRUCTION CONTRACT FOR THE MK EAST PRIMARY SCHOOL AND COMMUNITY HEALTH HUB PROJECT

| | |
|------------------------|---|
| Name of Cabinet Member | Councillor Robert Middleton Cabinet Member for Resources |
| Report sponsor | Sarah Gonsalves Director Customer and Community Services |
| Report author | Paul Van Geete Tariff Programme Manager Paul.VanGeete@milton-keynes.gov.uk 01908 254114 |

| | |
|---|--|
| Exempt / confidential / not for publication | Yes |
| Council Plan reference | 8 – Well planned growth & renewal |
| Wards affected | Olney and others |

Executive Summary

This report seeks approval for additional resource and spend approval to enable the award of the construction contract for the MK East Primary School and Community Health Hub Project. The commitment to enter into this works contract is subject to receiving confirmation from Homes England that the utilisation of the Grant funding proposed by the Council has been agreed and that programme revisions proposed by Berkeley St James under the terms of the Grant Determination Agreement are acceptable.

1. Proposed Decisions

- 1.1 That the public and press be excluded from the meeting by virtue of Paragraph 3 (Information relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972, in order that the meeting may consider the **confidential Annex B** to the report.

- 1.2 That recommendation be made to Full Council to approve additional borrowing of £9.1m to cashflow the delivery of the project in advance of the receipt of Tariff contributions from the MK East development.
- 1.3 That resource allocation and spend approval be revised in the 2023/24 Capital Programme to £15.2m and a further £8.9m in 2024/25, which includes additional borrowing. This will enable the award of the construction contract for the MK East Primary School and Community Health Hub project. The borrowing will ultimately be repaid from the Tariff developer receipts. The construction sum is detailed in the **Confidential Annex** to the report.
- 1.4 That, subject to the approval of Full Council, as set out at 1.2, the construction contract be awarded to Ashe Construction Ltd to cover RIBA stages 5 to 7.
- 1.5 That, subject to approval of variations from Homes England, delegated authority be given to the Director - Law and Governance to complete necessary variations to both the Grant Determination Agreement with Homes England and the Council's Grant Share Agreement with Berkeley St James to reflect the programme revision.

2. Why is the Decision Needed?

Background to MK East

- 2.1 In 2019, a Central Government appointed Planning Inspector took the decision to allocate the MK East' development site as part of the Council's new local plan known as Plan MK. To deliver MK East, substantial new infrastructure would be needed including a new bridge across the M1, plus a Primary School and Community Health Hub to provide critical facilities and services to new residents.
- 2.2 In 2019, a bid was submitted by the Council to Central Government to secure funding for this new infrastructure. On 12 March 2020, the Secretary of State for MHCLG (now DLUHC) approved the Council's bid. Since this successful bid, substantial work has been undertaken including the Council undertaking a public procurement exercise to identify a contractor to help deliver this new infrastructure.
- 2.3 The grant funding secured by the Council through the Housing Infrastructure Fund (HIF) included a £15m contribution, based on the delivery cost of comparable facilities at the time, allocated towards the delivery of a new 630 place Primary School and Community Health Hub at the Milton Keynes East Strategic Urban Extension (MKESUE) development area. The HIF funding allocation is to be spent by March 2025 and following relevant approvals, a tender process to appoint a contractor to design and build the scheme was commenced in Autumn 2021. Ashe Construction were successful and appointed in March 2022 to deliver the design element to RIBA Stage 4 (Detailed Design). This work has now been completed and a final cost for this new social infrastructure has now been submitted by Ashe Construction Ltd.

- 2.4 The funding contribution from HIF represents financial resource that would not normally be available to the Council to deliver infrastructure facilities of this nature, which would usually have to be fully funded from developer contributions.

Design and Cost Assessment Work

- 2.5 The design development process, technically known as RIBA Stages 2, 3 and 4, has highlighted an increase in the estimated cost of over and above the original £15m HIF allocation. The original allocation was based on estimates of likely construction costs submitted at the Expression of Interest stage in 2017. At the end of RIBA Stage 3, in October 2022 the design work indicated construction costs, including preliminaries and design, had increased to over £23.5m.
- 2.6 Since the original allocation in 2020, several material things have changed. These have contributed to significant turbulence in the UK Economy. Elements of which are:
- (a) an uncertain and volatile market since the global pandemic and the conflict in Ukraine has led to significant increases, over and above general inflation, in costs for construction materials, reduction in their availability, and longer lead times. Construction inflation is running at up to 40% for specific construction materials; and
 - (b) rapid increase in general inflation of between 10% and 12%. This rise in general inflation means workforce costs have increased dramatically which has then been passed on to the Council via the construction partner in a higher final cost submission.
- 2.7 In addition to a downturn in the UK Economy, the scale and scope of the scheme has been detailed and refined to ensure that the new facilities are sufficient to meet the needs of the new community. This has included:
- (a) to deliver the vision for the community hub in MK East, to allow it to be truly multi-purpose, it was concluded that a larger site was necessary. This resulted in the need for additional land to be developed and an increase in preliminary costs after Stage 2;
 - (b) a commitment was made to deliver this new infrastructure in advance of the build out of the new homes. This contrasts with how other developments are delivered elsewhere, where new infrastructure is delivered many months if not years after the new housing is built out. Although delivery of the new infrastructure is the right decision for MK and the new community of MK East, it brings requirements which increase overall costs. For example, the scheme includes measures such as temporary construction accesses and temporary utility supplies in advance of permanent arrangements. This has contributed to the rise in the overall cost of the scheme;

- (c) to mitigate the extra costs arising from the global economic turbulence, and changes to the design of the scheme to optimise the value of the facilities being delivered to the new community; a value engineering exercise has been undertaken. A complete review of the Stage 4 submitted costs was undertaken by the Quantity Surveying teams. This work has reduced the Stage 4 submitted costs by £1.5m. The savings have been achieved by focussing on streamlining and creating efficiencies in the high-cost, major work packages such as the roof, groundworks including cut and fill exercise, piling solution and the mechanical and electrical package. The early ordering of materials such as steel, drylining and groundworks will enable prices and lead times to be secured, reducing the risk of further inflationary increases. The savings that have been generated have not affected the quality or standards we want to deliver; and
- (d) as part of the Council's ongoing process of managing and mitigating risk both during the design and construction periods, a live risk register has been developed and will continue to be reviewed monthly at the Site Progress Meeting or as necessary via the Early Warning process, ensuring risk is constantly reviewed, with appropriate action taken, as defined in the terms of the contract.

Design of New Primary School and Community Health Hub

- 2.8 The Primary School building has been developed in line with Department for Education (DfE) Area Guidelines. The Community Health Hub has been designed to a size that meets the needs of the multiple health-related services that will operate from the building, the predicted future patient numbers, as well as meeting the predicted needs of the Council services that will make the building a true multi-purpose Hub.
- 2.9 Approval is now being sought to approve the additional Resource Allocation, including Spend Approval to award the construction contract for the scheme to progress to RIBA Stage 5 (Construction) through to completion and delivery of the scheme by December 2024 (RIBA Stage 6).

Highways Infrastructure including New Bridge

- 2.10 The lead developer of the MK East site, Berkeley St James, remain responsible for the delivery of the highway infrastructure which will serve the site. The additional cost of the highway, over and above the available HIF funding contribution will be met by Berkeley St James, with the Council's contribution limited to £9.55m agreed as part of the HIF arrangements. As set out in the Delegated Decisions approval of July 2020 this contribution will be met from the sale of the Council's land interest in the MK East allocation when the access to this land is provided through the delivery of the new highway infrastructure. The re-phasing of the infrastructure will also mean that the Council's contribution to these works (£9.55m) is not expected to be required until 2026, which will significantly reduce the period that the Council may need to borrow for, pending land disposals receipts.

2.11 This decision is not seeking resource allocation nor spend approval for this element of the infrastructure works.

3. Implications of the Decision

| | | | |
|-------------------|---|-------------------------------------|---|
| Financial | Y | Human rights, equalities, diversity | N |
| Legal | Y | Policies or Council Plan | Y |
| Communication | Y | Procurement | Y |
| Energy Efficiency | Y | Workforce | N |

(a) Financial Implications

Increased resource and spend approval to bring the total budget to £24.1m is being requested via this Delegated Decision. This budget resource is to cover the construction costs, contingency and all professional fees and surveys. Subject to confirmation from Homes England that the HIF social infrastructure grant funding can be allocated purely to the school, the remaining cost of the Community Health Hub will be ultimately met from Developer Tariff receipts for health provision that will be generated by the new development.

Tariff receipts will only begin to be generated when house building activity commences in 2024 therefore, there will be a requirement in the short term for the Council to borrow against these future receipts to allow the project to proceed at this time.

The cost of borrowing and the associated Minimum Revenue Provision (calculated over a 50-year payback) is estimated £197k in year one and £562k in future years. This cost will be funded from within the Debt Financing budget, with the cost decreasing as the borrowing is reduced upon tariff receipts. Borrowing is anticipated to be required from April 2024, with tariff contributions planned from Q2 2025. The base contribution (at June 21) for Primary Health Care was £7.7m with indexation to March 2023 is now £9.1m, further indexation charged on the tariff contributions will be used to reimburse the debt financing once the initial borrowing has been repaid, (anticipated to be by the end of 25/26).

The cashflow, attached at **Annex A** to the report, shows the timing and anticipated cost of this borrowing.

The revenue implications of the building of the school, will be included within the forecast growth calculations for the Dedicated Schools Grant.

Agreements are being put in place to finalise lease arrangements for the Community Health Hub.

For the highways element of MK East, in the event of an overspend the council has capped its contribution at £9.55m. This will ultimately be funded from land receipts, enabled by the development, but there may be a short borrowing requirement to assist with cashflow, and were this to be the case a further report will be brought forward. The Council, and Berkeley St James' have jointly written to Homes England, seeking approval to vary the programme for the highways works into separate phases to help manage the impact of the works and costs. This also confirms how the full cost of these works will be funded, and that MKCC's total liability for any additional costs is capped at £9.55m. Subject to Homes England confirming a revised programme, and the approval of the recommendations in this report, the Council will enter into the works contract for the primary school and health hub.

(b) Legal Implications

The Council has a statutory duty to ensure that there are sufficient school places in Milton Keynes. This report seeks approval to appoint the winning supplier following a further Competition process undertaken via the Pagabo Framework; to undertake the main construction phase of the works of the school and the community health hub. The estimated financial value of the works exceeded the EU financial threshold for works and required publication to the EU market. The use of Frameworks is a recognised route to market.

The Pagabo framework has been set up following a procurement process and is open for use by all public bodies in the UK.

(c) Other Implications

The Council has been working under Licence to ensure any surveys, including the archaeological clearance could be achieved whilst the land is not in our ownership. These have now been completed. The Land Transfer as part of the s106 agreement is underway and will be completed in time for the proposed start on site date.

Planning Permission for the scheme has been sought under ref: 22/03157/FUL.

Subject to Council approval and the above dependencies the Council will proceed with the contract award.

4. Alternatives

4.1 Do Nothing

The £15m HIF Funding contribution towards the scheme will be lost if not utilised by March 2025. Initial school places for the new MK East development area will not be secured. Vital community services for the emerging new community will not be provided or substantially delayed.

4.2 Delay Approval

The current costs for this scheme are reflective of the national situation in terms of construction inflation and materials supply and the impact this is having universally on the construction industry. Although it is predicted that general inflation will start to decrease later this year, the costs being experienced now are factors of multiple variables being experienced globally and we cannot predict that their impacts will significantly reduce costs should the decision be delayed. The opposite impact on price is an equal possibility should current conflicts expand or extend.

4.3 Approval Granted (Funding to enable Contract Award) - **recommended option**

The Council has an opportunity to deliver the scheme, with the benefit of £15m of external funding already secured, providing the opportunity to meet the aims of the Council Plan, and putting social infrastructure delivery at the forefront of new development in Milton Keynes. Awarding the construction contract now provides us with the cost certainty that cannot be achieved by delay.

5. Timetable for Implementation

| | |
|----------------------|------------------|
| Contract Award: | July 2023 |
| Start on site: | July 2023 |
| Completion Handover: | by December 2024 |

List of Annexes

| | |
|---------|--|
| Annex A | Social Infrastructure Cashflow May 2023 |
| Annex B | Construction Cost Breakdown (confidential) |

Background Papers

[Delegated Decision - 20 July 2020 \(Housing Infrastructure Fund – Decision to Accept Grant Funding\)](#)

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Milton Keynes East
Social Infrastructure phase 1
Cash Flow (simple)

| | 2023 | | | | 2024 | | | | | | | | | | | | 2025 | | | | 2026 | | | | | |
|-------------------------|---------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|----|-------------|
| | August | September | October | November | December | January | February | March | April | May | June | July | August | September | October | November | December | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Delivery Costs | 241,161 | 481,900 | 963,800 | 1,686,600 | 1,686,600 | 1,927,600 | 2,168,500 | 2,891,400 | 3,132,300 | 3,373,300 | 2,650,400 | 1,204,700 | 722,800 | 481,900 | 240,900 | 240,900 | | | | | | | | | | |
| Cumulative | 723,061 | 1,686,861 | 3,373,461 | 5,060,061 | 6,987,661 | 9,156,161 | 12,047,561 | 15,179,861 | 18,553,161 | 21,203,561 | 22,408,261 | 23,131,061 | 23,612,961 | 23,853,861 | 24,094,761 | 24,094,761 | | | | | | | | | | |
| HIF Recovery | 241,161 | 481,900 | 963,800 | 1,686,600 | 1,686,600 | 1,927,600 | 2,168,500 | 2,891,400 | 2,952,439 | | | | | | | | | | | | | | | | | |
| Cumulative | 723,061 | 1,686,861 | 3,373,461 | 5,060,061 | 6,987,661 | 9,156,161 | 12,047,561 | 15,000,000 | | | | | | | | | | | | | | | | | | |
| Borrowing | | | | | | | | | 179,861 | 3,373,300 | 2,650,400 | 1,204,700 | 722,800 | 481,900 | 240,900 | 240,900 | | | | | | | | | | |
| Cumulative | | | | | | | | | 3,553,161 | 6,203,561 | 7,408,261 | 8,131,061 | 8,612,961 | 8,853,861 | 9,094,761 | 9,094,761 | 9,094,761 | | | | | | | | | |
| MRP | | | | | | | | | | | | | | | | | | | | | | | | | | 182,000 |
| Borrowing Cost @ | 4.35% | | | | | | | | | | | | | | | | | | | | | | | | | 380,016 |
| Total borrowing cost | | | | | | | | | | | | | | | | | | 197,925 | | | | | | | | 9,854,702 |
| Tariff Recovery | | | | | | | | | | | | | | | | | | | 1,756,250 | 1,770,000 | 1,782,500 | 1,795,000 | 2,166,000 | 2,176,500 | | |
| Residential Delivery | units | | | | | | | | | | | | | | | | | | 50 | 50 | 50 | 50 | 60 | 60 | | |
| Tariff rate | | | | | | | | | | | | | | | | | | | 35,125 | 35,400 | 35,650 | 35,900 | 36,100 | 36,275 | | |
| Residual Borrowing cost | | | | | | | | | | | | | | | | | | | | | | | | | | 2,750,952 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | - 1,591,548 |

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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